38 USC 1833 note.

"(2) in any case in which there was no requirement of (or exemption from) a fee at the time of the original guaranty of the loan that was secured by the same property, the Loan Guaranty Revolving Fund; and

the total so credited to any revolving fund for a fiscal year shall offset outlays attributed to such revolving fund during such fiscal year."

(b) EFFECTIVE DATES.—(1) If, before the date and time of the enactment of this Act, no provision of law has been enacted amending section 1833 of title 38, United States Code, by adding a new subsection (e) with a text substantially identical to the text of the new subsection (e) added to such section 1833 by subsection (a)(3) of this section, the provisions of subsection (a)(1) of this section amending subsection (a)(3) of such section 1833 shall not take effect.

(2) Subsection (e) of section 1833 of such title 38, as added by subsection (a)(3), shall apply with respect to amounts referred to in such subsection (e) received after September 30, 1989.

38 USC 1803 note.

SEC. 306. INCREASE IN ENTITLEMENT AMOUNT.

(a) INCREASED ENTITLEMENT.—Section 1803(a)(1) is amended—

(1) in subparagraph (A)(i)—

(1) by striking out "or" after the semicolon in subclause (II); and

(2) by striking out subclause (III) and inserting in lieu thereof the following:

"(III) in the case of any loan of more than $45,000 but not more than $56,250, $22,500;

"(IV) in the case of any loan of more than $56,250 but not more than $144,000, the lesser of $36,000 or 40 percent of the loan; or

"(V) in the case of any loan of more than $144,000 for a purpose specified in clause (1), (2), (3), or (6) of section 1810(a) of this title, the lesser of $46,000 or 25 percent of the loan; or"; and

(2) in subparagraph (B), by striking out "$36,000" and insert-

ing in lieu thereof "$360,000, or in the case of a loan described in subparagraph (A)(i)(IV) of this paragraph, $460,000".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act and shall apply only with respect to loans closed after such date.

SEC. 307. NOTIFICATION **REQUIREMENT.**

Section 1832(a) is amended by adding at the end the following:

"(5) In the event of default in the payment of any loan guaranteed or insured under this chapter in which a partial payment has been tendered by the veteran concerned and refused by the holder, the holder of the obligation shall notify the Secretary as soon as such payment has been refused. The Secretary may require that any such notification include a statement of the circumstances of the default, the amount tendered, the amount of the indebtedness on the date of the tender, and the reasons for the holder's refusal.".

SEC. 308. NO-BID FORMULA.

(a) EXCLUSION OF INTEREST COSTS.—Section 1832(c)(1)(C)(ii) is amended by inserting before the period the following: ", excluding any amount attributed to the cost to the Government of borrowing funds".